

Press Release

Brokerage Firm Charged With Gatekeeper Failures Related to Pump-and-Dump Scheme

FOR IMMEDIATE RELEASE

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Washington D.C., Jan. 25, 2017 — The Securities and Exchange Commission today announced administrative proceedings against New York-based brokerage firm Windsor Street Capital and its former anti-money laundering officer John D. Telfer. The SEC's Enforcement Division alleges that the firm, formerly named Meyers Associates L.P., failed to file Suspicious Activity Reports (SARs) for \$24.8 million in suspicious transactions, including those occurring in accounts controlled by microcap stock financiers Raymond H. Barton and William G. Goode who are separately charged today by the SEC with conducting a pump-and-dump scheme.

The SEC's Enforcement Division alleges that Meyers Associates and Telfer should have known about the suspicious circumstances behind many transactions occurring in customer accounts. Customers like Barton and Goode allegedly deposited large blocks of penny stocks, liquidated them typically amid substantial promotional activity, and then transferred the proceeds away from the firm. The SEC's Enforcement Division further alleges that the shares deposited by Barton and Goode could not be sold legally because no registration statement was in effect and no registration exemption was available. Rather than conduct a reasonable inquiry into the deposits, Meyers Associates allegedly accepted registration exemption claims by Barton and Goode at face value.

"The SEC's Broker-Dealer Task Force AML initiative is focused precisely on the conduct charged against Meyers Associates, which we allege systematically flouted its obligations under the securities laws to report suspicious activity," said Andrew M. Calamari, Director of the SEC's New York Regional Office and Co-Chair of the Enforcement Division's Broker-Dealer Task Force. "We allege that when other brokerage firms were rejecting similar deposits by Barton and Goode, Meyers Associates not only effectuated their illegal stock sales but then failed to report them as required by law."

The matter pertaining to Meyers Associates and Telfer will be scheduled for a public hearing before an administrative law judge, who will prepare an initial decision stating what, if any, remedial actions are appropriate.

The SEC separately filed a complaint in federal court against Barton and Goode along with Matthew C. Briggs, Kenneth Manzo, and Justin Sindelman. The complaint alleges they participated in a pump-and-dump scheme that acquired shares of dormant shell companies supposedly in the dietary supplement business, falsely touted news and products stemming from those companies, and dumped the shares on the market for investors to purchase at inflated prices.

Without admitting or denying the allegations, Barton, Goode, and Briggs agreed to settle the charges and consented to court orders requiring them to pay disgorgement plus interest and penalties totaling more than \$8.7 million. Manzo agreed to admit wrongdoing and pay more than \$95,000 to settle the charges. The litigation continues against Sindelman.

The SEC's investigation was conducted by Phil Fortino, Bennet Ellenbogen, Diego Brucculeri, Jordan Baker, Sandeep Satwalekar, and Charles D. Riely, and the case was supervised by Lara Shalov Mehraban, Associate Director for Enforcement in the New York office, and Joseph Sansone, Co-Chief of the Market Abuse Unit. The litigation will be led by Jack Kaufman, Mr. Fortino, and Mr. Ellenbogen. The SEC's examination that led to the investigation was conducted by Steven C. Vitulano, Terrence P. Bohan, Stephen Bilezikjian, and Hermann A. Vargas of the New York office.

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Related Materials

- [SEC Order - Windsor Street Capital/Meyers Assoc. and Telfer](#)
- [SEC Complaint - Barton, Goode et al](#)